1   **ON-LINE METHOD FOR CONSOLIDATING CREDIT LIFE INSURANCE**

2   **BENEFITS**

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5   **REFERENCE TO RELATED APPLICATIONS**

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7   (001) This application is a continuation-in-part of co-pending provisional

8   patent application Serial Number 60/429,951, filed November 27, 2002.

9

10   **BACKGROUND OF THE INVENTION**

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12   FIELD OF THE INVENTION

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14   (002) The invention relates to the field of credit life insurance benefits

15   and, in particular, to an on-line (Internet) based method of purchasing

16   credit life insurance benefits.

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18   DESCRIPTION OF RELATED ART

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20   (003) Typically, when an individual purchases goods, property, or

21   services on credit, the individual may also purchase credit life insurance

22   benefits policy wherein the policy's premium is based upon the amount of

23   indebtedness incurred for that purchase. If the individual dies before the

24   indebtedness is paid, the insurance company will pay the full balance then

25   owed. Depending on the type of credit life insurance benefits policy, if the

26   individual is hospitalized or laid off from work before the indebtedness is

27   paid, the insurance company will make the periodic debt payments during

1 the hospitalization or lay off from work period pursuant to the terms of the

2 policy.

3

4 (004) If the individual takes out a mortgage, the individual may purchase

5 credit life insurance to cover the mortgage payments. If the individual

6 purchases an automobile on credit, the individual may purchase credit life

7 insurance to cover the loan payments. If the individual purchases furniture

8 or appliances on credit, the individual may purchase credit life insurance

9 on the loan payments. In some instances the individual may purchase

10 credit life insurance to cover the balance owed on certain credit cards

11 without regard to the nature of the purchases, which comprise the balance

12 owed.

13

14 (005) Each granting of credit can be covered by a separate credit life

15 insurance policy. In some cases the respective lender or credit grantor

16 requires the credit life insurance as a condition of making the loan or

17 granting the credit. In many cases, the credit life insurance is not factually

18 mandatory, but the individual is led to believe that credit life insurance is

19 mandatory and therefore purchases the insurance. Typically, the

20 premiums for credit life insurance policies are astronomically high when

21 compared to other life insurance policies.

22

23 (006) In applicant's co-pending application Serial No. 09/846,616 "Card

24 Management System and Method Therefor" filed on May 1, 2001, a card

25 management system was disclosed and is herewith incorporated into this

26 application by reference. This invention is a method and system for on-

27 line credit card and social card management, wherein the card is issued to

28 an individual who is a card user by a card issuing organization. The

1   individual, using his own computer, interfaces through the Internet with a

2   card management organization to a computer system within the card

3   management organization and requests certain activities pertaining to his

4   card such as: change of address, request for change in credit limit, dispute

5   over a billing, etc. The computer system includes a computer program

6   that processes the individual's requests pertaining to the individual's cards

7   and informs the card issuer and/or credit reporting bureaus of the

8   individual's requests via the Internet. The computer system thereafter

9   informs the individual via the Internet that the card issuer and/or credit-

10   reporting bureau has received the request.

11

12   (007) This prior invention allows an individual to establish contact with

13   credit grantors via the Internet. However it does not provide a means for

14   obtaining the individual's credit report, or for obtaining a consolidated

15   report of the individual's total indebtedness.

16

17   (008) Thus, it is a primary object of the invention to provide an on line

18   (Internet based) method for determining an individual's total indebtedness.

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20   (009) It is another primary object of the invention to provide an on line

21   (Internet based) method for purchasing credit life insurance benefits

22   consolidation services.

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24   (010) It is a further object of the invention to provide a method of allowing

25   a card and/or a credit management organization or a credit watch or credit

26   monitoring organization, which have a means to obtain credit information

27   from credit reporting bureaus, to provide credit life insurance benefits

28   consolidation services for a individual.

SUMMARY OF THE INVENTION

(011) The invention is a method of obtaining credit life insurance benefits for an individual by means of a service organization. In detail, the steps include:

1.   Registering the individual with the service organization via a computer system in a computer network. An additional accomplishment during registration is providing authorization to the service organization by the individual to authorize a charge, and charge service organization fees and credit life insurance premiums to the individuals valid credit card.

2.   . Providing authorization to the service organization from the individual to contact a credit reporting bureau to secure credit data providing the total debt of the individual. This step includes the accessing of periodic credit balance (total indebtedness on the credit report) information of the individual by means of the computer system in the computer network and determining the total debt of the individual based on the credit report

3.   Determining the amount of debt to be covered by credit life insurance benefits.

4.   Creating and periodically updating a data base identifying insurance companies that may provide credit life insurance, the data base further including the premiums that the insurance companies charge for issuing their credit life insurance policies;

5.   Selecting a specific insurance company with required specific premiums.

6.   Obtaining the individuals approval of the required specific premiums via the computer system in the computer network.

1   7.   Requesting that the insurance company underwrite the credit life

2   insurance benefits as determined by the collective selected indebtedness

3   of all the individuals covered by the service organization for that state.

4

5   (012) Upon application, the initial premium will be calculated from the

6   selected debt balances on the credit report, and the selected credit card

7   charged. The step of accessing credit information of the individual by

8   means of the computer system in the computer network and determining

9   any change in the total debt of the individual is periodically repeated and

10   the value of the premium owed by the individual is adjusted based upon the

11   change in total debt. Of course, the database is periodically updated to

12   include any new insurance companies and to update the charges that

13   previously entered insurance company's charge for issuing their credit life

14   insurance.

15

16   (013) The novel features which are believed to be characteristic of the

17   invention, both as to its organization and method of operation, together

18   with further objects and advantages thereof, will be better understood from

19   the accompanying drawings. It is to expressly understood, however, that

20   the drawings are for the purpose of illustration and description only and

21   are not intended as a definition of the limits of the invention.

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23   **BRIEF DESCRIPTION OF THE DRAWINGS**

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25   (014) Figure 1A is a first part of an overall flow chart of the credit life

26   insurance benefits consolidation services organization's computer

27   program. In particular, Figure 1A is the flow chart for an individual to

28   subscribe to the service.

1 (015) Figure 1B is a second part of an overall flow chart of the credit life
2 insurance benefits consolidation services organization's computer
3 program. In particular, Figure 1B is the flow chart for the determination of
4 an individual's debt, determination of credit insurance benefits premium
5 and the storage of information in a database.
6
7 (016) Figure 1C is a third part of an overall flow chart of the credit life
8 insurance benefits consolidation services organization's computer
9 program. In particular, Figure 1C is the flow chart allowing an individual to
10 view actions taken on behalf of the individual, to change or terminate
11 coverage, etc.
12
13 (017) Figure 2 is a computer terminal screen for signing on to the
14 program.
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16 (018) Figure 3 is a computer terminal screen for registering personal
17 information and providing billing information.
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19 (019) Figure 4 is a computer terminal screen authorizing the service
20 organization to obtain the individual's total indebtedness from their credit
21 file provided by the credit bureau(s) and agreeing to accept the terms and
22 conditions of the service and the credit life insurance benefits.
23
24 (020) Figure 5 is a computer terminal screen for displaying current debt
25 coverage.
26
27 (021) Figure 6 is an Email message notifying the individual of a change in
28 debt coverage.

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2 (022) Figure 7 is a computer terminal screen for displaying updated

3 indebtedness information.

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5 (023) Figure 8 is a computer terminal screen for accepting new credit life

6 insurance benefits

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8 (024) Figure 9 is a computer terminal screen for displaying indebtedness

9 history.

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11 (025) Figure 10 is an email message for informing the individual that the

12 credit card designated during registration has insufficient funds to cover

13 fees and or premiums.

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15 (026) Figure 11 is a computer terminal screen for informing the individual

16 that the credit life insurance benefits has lapsed and offering the individual

17 the opportunity to reregister for new credit life insurance benefits.

18

19 (027) Figure 12 is an email message informing the individual that the

20 credit life insurance benefits has lapsed and providing instructions about

21 reregistering for new credit life insurance benefits.

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23 (028) Figure 13 is a computer terminal screen for updating billing

24 information for the individual.

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26 (029) Figure 14 is a computer terminal screen for the individual to cancel

27 the credit life insurance benefits.

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DETAILED DESCRIPTION OF THE INVENTION

(030) This invention covers an Internet on-line method wherein a individual using his own personal computer may register with a service organization, which determines from the individual's credit report all of the individual's credit life insurance benefits needs to be covered under a single account premium. The amount will have a floating premium based upon the total indebtedness for the premium period. The premium period, to be selected by the individual or determined by the service organization, which can be weekly, monthly or quarterly, or any other, agreed upon period of time.

(031) Most credit life insurance companies will be unconcerned that the total indebtedness is comprised of multiple items, because the premium is based upon the total indebtedness during the premium period. Generally, the larger the total amount of indebtedness being covered by a single credit life insurance benefit policy, the smaller the premium per dollar of indebtedness. In other words, an individual can expect to pay a significantly smaller premium for a single $10,000 policy than for ten $1,000 policies.

(032) In detail, the method as illustrated in Figure 1 is comprised of the following steps which will be accomplished online (Internet) using the individual's own personal computer in conjunction with the credit life insurance consolidation service organization's computer and database. The credit life insurance service organization establishes a database consisting of insurance companies that provide credit life insurance in each state and the premiums the insurance company's charge for issuing

1 their credit life insurance benefits. The information is stored in the

2 Database indicated by numeral 20 in Figures 1A, 1B and 1C. The

3 individuals account history (to be subsequently discussed) is also stored in

4 the database.

5

6 (033) The individual calls up the web page and the screen shown in

7 Figure 2 appears. The individual can log in or if not a member the

8 individual can subscribe by selecting Register, which brings them to the

9 screen shown in Figure 3. Once the individual registers they can select a

10 password for further access to the individual's account. Thereafter, the

11 following steps take place:

12 Step 22.   Individual Registers—The Individual registers online

13 with the service organization. The registration includes the individual's

14 personal information 22A as well as credit-card information 22B as may be

15 necessary to cover the service organization fees for servicing the

16 individual's credit life insurance benefits needs and to cover the premiums

17 for credit life insurance benefits. Note that the screen in Figure 3 provides

18 for entering a credit card number. This credit card will be used to pay

19 service organization's fees and any insurance premiums.

20 Step 24.   Individual Accepts Terms Of Service---Individual

21 authorizes the service organization to obtain the individual's Total

22 Indebtedness Credit Report (TICR) from one or more credit reporting

23 bureaus. The TICR may also be required to delineate the various debts,

24 which comprise the individual's total indebtedness. The computer terminal

25 screen for the individual to authorize the service organization to obtain the

26 necessary information is shown in Figure 4.

Step 26.   Request Credit Information---The service organization requests the TICR from the credit reporting bureaus, indicated by numeral 27.

Step 28.   Indebtedness Determined---Using the information received from the individual's TICR, service organization determines the amount of indebtedness, which should be insured.

Step 30.   Determine Premium---Using the individual's state and total amount of insurable indebtedness as a basis, service organization refers to its insurance company data base and determines the insurer and premium for single credit life insurance benefits to cover all of the individual's indebtedness during a pre-selected insurance period.

Step 32.   Advise Individual---Service organization advise the individual of the appropriate premium for credit life insurance benefits to cover the individual's total indebtedness as shown in Figure 8.

Step 36   Individual Authorizes Policy---The individual authorizes service organization to obtain selected amounts of credit life insurance benefits and to charge the premium to the pre-designated credit card. In the event the individual desires more than the total amount of indebtedness, the individual may elect to add certain clear categories of indebtedness i.e. home mortgage indebtedness is to be covered by the credit life insurance benefits.

Step 38.   Check Credit Card---In the event the individual's pre-designated credit card company advises service organization that the individual has insufficient credit available to cover the premium charge, service organization will immediately notify the individual and request an alternative source of credit as shown in Figure 10. If no acceptable credit source becomes available, the credit life insurance benefits account will be cancelled and the individual notified.

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2 (034) At this point the individual has obtained credit life insurance

3 benefits.   Once the individual is initially covered there is an on-going

4 update program in operation. Referring to Figure 1B-------

5   Step 40   Update   Insurance   Information---The   insurance

6 companies 41 are periodically contacted to obtain latest credit insurance

7 benefits and premium changes.

8   Step 42   Update   Credit   Information---The   Credit   reporting

9 bureau(s) 27 are periodically contacted to obtain updated credit reports to

10 obtain TICR.

11   Step 44.   Calculate New Indebtedness (TICR)

12   Step 46   Determine   New   Premium—Results   added   to

13 database.

14   Step 48   Individual Periodically Billed---The individual's credit

15 card is automatically billed.

16

17 (035) The individual is informed and the following information is stored in

18 the database 20:

19   Step 50   Insufficient Funds—The individual is notified via the

20 Internet that the credit card has reached its limit or otherwise will not

21 accept charges. The E-mail message is provide in Figure 10.

22   Step 52.   Benefits Lapsed---The individual is notified via the

23 Internet that the benefits have lapsed for some reason.   The E-mail

24 message is shown in Figure 12.

25   Step 54   Premium Change---The individual is notified via the

26 Internet that the premium has changed due to a change in the TICR

27 and/or credit insurance benefit rates. The E-mail message is shown in

28 Figure 6.

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2   (036) Referring to Figure 1C, the individual can log onto the web site via

3   the Internet thereafter by pressing Log In Button 56 shown in Figure 2,

4   computer terminal screen.   Thereafter------

5   Step 58   Summary Of Account—The individual is presented

6   with the computer terminal screen depicted in Figure 7. By clicking on the

7   appropriate button, the individual can bring up four separate screens from

8   the database 20.

9   Step 60   Individual Cancels Insurance---The account is closed

10   and the E-mail message shown in Figure 14 is sent to the individual.

11   Step 62   View Details Of Credit History---The computer

12   terminal screen shown in Figure 9 appears.

13   Step 64   View Details of Premium Details--- The computer

14   terminal screen shown in Figure 6 appears.

15   Step 66   Billing Information Change-- The computer terminal

16   screen shown in Figure 13 appears.

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18   (037) Thus it can be seen that this invention allows an individual to

19   secure credit life insurance benefits.   Furthermore, the benefits are

20   automatically increased or decreased periodically depending upon the

21   individuals total indebtedness.   This protection continues until the

22   individual cancels the benefits or their credit card can no longer accept

23   charges.

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25   (038) While the invention has been described with reference to a

26   particular embodiment, it should be understood that the embodiment is

27   merely illustrative, as there are numerous variations and modifications,

28   which may be made by those skilled in the art. Thus, the invention is to be

1 construed as being limited only by the spirit and scope of the appended

2 claims.

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4 **INDUSTRIAL APPLICABILITY**

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6 (039) The invention has applicability to the credit life insurance industry.